

Message Text

UNCLASSIFIED

PAGE 01 BRASIL 00042 041507Z

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 FEAE-00 /091 W

-----041524Z 067850 /46

R 041430Z JAN 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 9411

UNCLAS BRASILIA 0042

PASS AGRICULTURE AND TREASURY

E.O. 11652: N/A

TAGS: EPAP, ECON, ETRD, BR

SUBJECT: BRAZIL'S AGRICULTURAL BOOM

1. SUMMARY: BRAZIL'S AGRICULTURAL SECTOR IS RIDING THE CREST OF A PRODUCTION AND EXPORT BOOM OF MAJOR PROPORTIONS. DESPITE SETBACKS IN THE DROUGHT STRICKEN NORTHEAST AND FREEZE DAMAGE TO COFFEE, 1976 FARM OUTPUT INCREASED OVER 4 PERCENT. AGRICULTURAL PRODUCTION IN 1977 IS EXPECTED TO SHOW A MUCH HIGHER INCREASE, REFLECTING SHARP GROWTH FOR SOYBEANS, GRAINS AND COTTON AND A STRONG RECOVERY FOR COFFEE. AGRICULTURAL EXPORTS REACHED A RECORD \$6.3 BILLION IN 1976 AND THE EMBASSY'S INITIAL FORECAST IS \$8.0 BILLION FOR 1977. END SUMMARY.

2. EVEN WITH A SEVERE DROUGHT IN NORTHEAST BRAZIL AND A 60 PERCENT DROP IN COFFEE PRODUCTION 1976 WAS A GOOD YEAR FOR BRAZILIAN AGRICULTURE. ACCORDING TO A MINISTRY OF AGRICULTURE YEAR-END REPORT, TOTAL FARM OUTPUT WAS UP 4-4.5 PERCENT REFLECTING RECORD CROPS OF SOYBEANS, CORN, RICE, WHEAT, SUGAR AND A WIDE VARIETY OF OTHER COMMODITIES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRASIL 00042 041507Z

3. FARM OUTPUT IN 1977 IS LIKELY TO EXPAND AT A FASTER PACE. RECORD HARVESTS ARE PREDICTED FOR MOST OF THE MORE IMPORTANT CROPS, WITH THE LARGEST INCREASES COMING IN SOYBEANS, CORN AND COTTON. COFFEE PRODUCTION WILL LIKELY BE UP 70-80 PERCENT FROM THE FREEZE REDUCED 1976 HARVEST.

4. RAW AND SEMI-PROCESSED AGRICULTURAL PRODUCTS LOOM LARGE

IN BRAZIL'S EXPORT PICTURE, ACCOUNTING FOR CLOSE TO TWO-THIRDS OF TOTAL EXPORTS IN 1976. AGRICULTURE ALSO PROVIDES THE RAW MATERIALS FOR THE TEXTILE, LEATHER GOODS, AND SEVERAL OTHER INDUSTRIES THAT ACCOUNT FOR A LARGE SHARE OF MANUFACTURED PRODUCTS EXPORTS.

5. AGRICULTURAL EXPORTS IN 1976 WERE VALUED AT ABOUT \$6.3 BILLION AND THE EMBASSY'S INITIAL FORECAST IS \$8.0 BILLION FOR 1977. THE GOB IS RELYING HEAVILY ON A CONTINUED EXPANSION OF AGRICULTURAL EXPORTS IN FUTURE YEARS TO PAY FOR POL PURCHASES AND IMPORTS NEEDED FOR FURTHER INDUSTRIALIZATION.

6. A VARIETY OF FACTORS ARE CONTRIBUTING TO RAPID AGRICULTURAL GROWTH. FOREMOST AMONG THESE IS THE TOP PRIORITY POSITION ASSIGNED TO THE FARM SECTOR BY THE GOB, AND THE WIDE VARIETY OF GOB PRODUCTION INCENTIVES AND DEVELOPMENT PROGRAMS THAT HAVE BEEN INITIATED IN THE LAST 2-3 YEARS. ANOTHER, AND INCREASINGLY IMPORTANT FACTOR, IS THE MASSIVE DOMESTIC AND FOREIGN INVESTMENT IN THE AGRICULTURAL SECTOR AND SUPPORTING INDUSTRIES SUCH AS FARM MACHINERY, FERTILIZER, AGRICULTURAL CHEMICALS, FOOD PROCESSING, ETC. EXPECTED STRONG DEMAND FOR AGRICULTURAL PRODUCTS AT HOME AND ABROAD IN FUTURE YEARS WILL LIKELY KEEP THE CURRENT PRODUCTION MOMENTUM GOING.

7. BRAZIL HAS ADDITIONAL LAND RESOURCES FOR CONTINUED RAPID AGRICULTURAL EXPANSION. ALSO, YIELDS ON LAND CURRENTLY IN PRODUCTION COULD BE INCREASED SIGNIFICANTLY BY GREATER USE OF READILY AVAILABLE TECHNOLOGY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRASIL 00042 041507Z

8. BRAZIL'S FARM BOOM WILL HAVE PROFOUND LONG-TERM EFFECTS ON THE ENTIRE ECONOMY, AS WELL AS FAR REACHING EFFECTS ON WORLD TRADE OF A WIDE VARIETY OF AGRICULTURAL COMMODITIES. THE EMBASSY IS PREPARING SEVERAL REPORTS REGARDING SIGNIFICANT AGRICULTURAL DEVELOPMENTS AND PROSPECTS. THE FIRST OF THESE IS AIRGRAM A-136 DATED DECEMBER 29, 1976 WHICH DISCUSSES THE COMPREHENSIVE GOB PROGRAM TO DEVELOP THE "GERRADOS" AREA OF CENTRAL BRAZIL. THIS LARGE SAVANNAH AREA COVERS ABOUT 15 PERCENT OF BRAZIL'S LAND SURFACE AND UNTIL RECENTLY VERY LITTLE OF IT WAS USED FOR CROP PRODUCTION.
CRIMMINS

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, AGRICULTURAL EXPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRASIL00042
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770003-0205
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770183/aaaacuob.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1ad1e4dd-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3669773
Secure: OPEN
Status: NATIVE
Subject: BRAZIL'S AGRICULTURAL BOOM
TAGS: EPAP, ECON, ETRD, BR
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1ad1e4dd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009